

Annual Report 2011



BOARD OF DIRECTORS AS AT 30 JUNE 2011



JOHN PEARSON
Chairman of the Board



COLIN GRAY
Expertise Director



BILL LYNCH
Expertise Director



DAVID HYNES
Independent Director



TO BE ADVISED
Nominee Director
Growers Market



DAVID WHITEMAN
Nominee Director
Warehouses



SHAUN MCINERNEY
Nominee Director
Wholesale Market



JOHN OLIVIERI
Nominee Director
Flower Market



NEIL MATHEWS
Nominee Director
Retail Markets

SENIOR MANAGEMENT



BRADLEY LATHAM
Chief Executive Officer



SHANE CHESTER
Head of Operations



GERRY DARAS
Head of Special Projects



MICHAEL GOLDEN
Chief Financial Officer/
Company Secretary



MARTIN FORSTER
Head of Site Services

annual report

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30th June 2011

SYDNEY MARKETS LIMITED
ABN 51 077 119 290
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

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joint message from the Chairman & CEO

JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER

We are very pleased to present the 2010/2011 Sydney Markets Limited Annual Report.

The reporting period has proved to be challenging for many. With floods and cyclones, natural disasters have wreaked havoc throughout the lives of many involved in the horticultural industry.

Sydney Markets Limited acted quickly in response to these disasters with assistance. A donation of \$10,000 was provided to the Queensland Premiers Disaster Relief Appeal and a further \$150,000 to the newly formed Sydney Markets Foundation to disperse amongst those most in need.

Our industry is extremely resilient and with the character and determination of everyone involved, we will no doubt see the industry back on its feet over the next 12 months.

It is pleasing to see the speed in which Brisbane Markets' resumed operation after the floods and congratulations must go to all involved in the Markets recovery.

FINANCIALS

The 2010-2011 Financial Year has resulted in another strong financial performance for SML, despite the global economic conditions.

- Profit after tax of \$6.3 million, was a decrease of \$0.4 million on the previous year. (Primarily due to flood relief donations and higher waste removal costs due to inclement weather conditions).
- Operating revenue for the year increased by 4.4% compared to last year. The increase was attributable to continued strong market occupancy levels, higher electricity income, growth in Wednesday trading at Sydney's Paddy's Markets Haymarket and additional rent from Animal Referral Hospital.
- Total expenses were up by 5.5% during the year. This was due to higher waste removal costs due to inclement weather conditions, increases in electricity costs and flood relief donations.
- The total capital expenditure for the year was \$10.6 million. This was driven by the purchase of properties on Parramatta Road which completes our acquisition program along the Northern boundary, construction of awning for Building E, extension of Building Q and infrastructure upgrades at Sydney's Paddy's Markets Haymarket.
- The Sydney Markets Limited Board's continued commitment to reducing debt has seen borrowings for the purchase of the Sydney Markets site reduce from \$47.5 million at 1 July 2010 to \$45.0 million at 1 July 2011.

HIGHLIGHTS

The Strategic Plan which formalises the Company's direction for the period 2010 to 2015 and Master Plan process have progressed extremely well during the reporting period. Some of the achievements are outlined below:

- Since securing a long term lease arrangement with our landlord, Jen Retail, for Sydney's Paddy's Markets to remain at its current Haymarket location, major site improvements have taken place. These include:
 - Over 500 energy efficient High Bay lights were installed increasing lighting levels by up to three times.
 - Major electrical infrastructure upgrade was completed to ensure all Occupational Health and Safety and electrical standards were addressed. In excess of 500 traders now have individual power supply to their stands via the upgraded network.
 - Large ceiling fans were installed throughout the site to improve the thermal comfort for traders and customers.
 - Additional cool room infrastructure was built for our fruit and vegetables traders to improve storage and handling facilities.
- In conjunction with our banana traders, an awning covering an area of around 3,100m² was erected adjacent to our Banana Building E to provide undercover working space for our tenants. Then Cyclone Yasi hit. Our traders have been through similar destruction before and at the time of writing are optimistic that the banana industry will recover very soon.
- A warehouse extension was carried out to Building Q providing much needed additional working space for the tenant.
- Extensive roadway repairs have been carried out during the reporting period. Further works will continue over the next 12 months in line with our comprehensive repair program.

joint message from the Chairman & CEO

- New roadway directional signage and wayfinding maps were erected around the site to provide clear and improved direction for all stakeholders. GPS navigation is now available which assists new visitors.
- 250 Parramatta Road property consisting of 2,136m² was leased to the Animal Referral Hospital. This is a speciality animal critical care and surgical facility.
- SML's environmental sustainability record has continued to improve during the reporting period which is highlighted by the fact that up to 60% of the total waste at the Flemington and Sydney's Paddy's Markets Haymarket site is recycled. The increase in recycling can be attributed to the introduction of a polystyrene recycling machine combined with increased cardboard and plastic collection.

SML achieved a Highly Commended rating at this year's Royal Easter Show in the Green Award Category highlighting the results derived from our outstanding waste recycling initiatives.

- Sydney Markets Fresh for Kids Website, for the third time, won the prestigious Award for the Best Food Based Website for 2010 at the Australian Food Media Awards. The Fresh for Kids Website is designed for primary aged children and developed as a teaching tool for children, their parents and teachers and is constantly being evolved and updated with fresh fruit and vegetable information, recipes, interactive games, competitions and healthy canteen ideas.

The SML Marketing Team and the commitment of the Fresh for Kids Committee are to be congratulated on this outstanding achievement.

- Sydney Markets Limited and Freshmark jointly sponsored the Victor Chang Health Booth which is located on site at Sydney Markets each month commencing February through to November 2011. This service is available to all Market stakeholders and provides an evaluation of their health status.
- In June 2011, Mr John Olivieri was re-elected as Nominee Director in the Flower Category effective from July 2011. Mr Shaun McInerney was elected as the Nominee Director in the Wholesale Category from July 2011.

In August 2011 Mr Colin Gray was re-elected as an Expertise Director effective from September 2011.

We congratulate Mr Olivieri, Mr McInerney and Mr Gray on their appointments. We also thank previous Wholesale Nominee Director, Mr Cos Cremona who worked tirelessly for the benefit of the Markets over the past nine years.

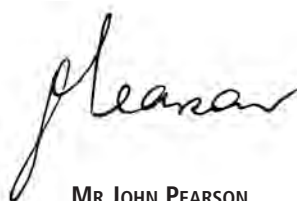
- The Sydney Markets annual Mango Auction, Cherry Auction and Race Day raised a combined total of \$200,000. The funds raised assisted the Westmead's Children's Hospital, the Prostate Cancer Foundation of Australia and Variety, the Children's Charity. Congratulations must go to the Markets community on this outstanding achievement.
- Continued industry participation is highlighted by SML attendance at the PMA, Ausveg, Australian Banana and Australian Chamber Conferences. Formal presentations were made at the World Union of Wholesale Markets Conference held in China and culminated in SML being invited as a member of the Asia Pacific Working Group.
- It is with great sadness that we inform you of the sudden passing of Mr William McMahon on 24 August 2011. Mr McMahon's service to Sydney Markets and industry organisations, in particular his contributions as the Nominee Director for the Growers Category was greatly appreciated. He was appointed to the SML Board in July 1998 and served continuously for 13 years with passion and dedication to the industry. He will be sadly missed. At the time of writing an election is being held to appoint a new Nominee Director in the Growers Category.

In conclusion, our sincere thanks go to our Directors, Management, staff and contractors and to all stakeholders, in particular those who give their time to represent the Council of Market Representatives, the Fresh for Kids Committee and the Paddy's Advisory Committee.

All financial indicators show SML can look forward to another strong performance for the 2011-2012 year.



MR BRADLEY LATHAM
CHIEF EXECUTIVE OFFICER



MR JOHN PEARSON
CHAIRMAN

marketing report

Marketing plays an important role in keeping the Sydney Markets Limited's brand active in the marketplace.

As well as successful marketing initiatives undertaken by Sydney's Paddy's Markets, Sydney Markets Limited also conducts three other major marketing programs:

1. Fresh for Kids
2. Greengrocer of the Year
3. Florist of the Year

FRESH FOR KIDS

The Fresh for Kids program is aimed at combating the rising levels of obesity in school-age children by encouraging them to eat plenty of fresh fruit and vegetables and do more exercise.

The program comprises numerous components that work both together and independently.

- The F & V Gang® – a lovable group of six life-size fruit and vegetable characters being Summa Strawberry®, Captain Capsicum®, Megabite Apple®, Oscar Orange®, Bazza Banana® and Tamara Tomato®.
- www.freshforkids.com.au website
- A major sponsorship of the School Sports Foundation
- A Canteen Program that encourages children to make healthy choices
- A Retail Program that supports independent retailers of fresh fruit and vegetables
- A quarterly Canteen Fresh brochure that provides inspiration and demonstrates that fruit and vegetables can be easy to prepare.

The Fresh for Kids Program continues to increase in popularity and is licensed to both Brisbane and Newcastle Markets who are also enjoying similar successful results.

GREENGROCER OF THE YEAR

The Greengrocer of the Year program rewards excellence in fresh produce retailing.

Throughout the year participating independent greengrocers across NSW and the ACT are frequented regularly by professional mystery shoppers who critique the stores' produce, cleanliness, level of customer service, in-store display, staff knowledge and merchandising skills all from a customer's perspective.

The information obtained by the professional mystery shoppers, together with additional industry criteria is used to determine the recipients of the Greengrocer of the Month awards and ultimately the Metropolitan and Regional Greengrocer of the Year awards which are presented at a gala dinner each year.

This program is very successful as it provides greengrocers with a summary on the positive aspects of their business and at the same time alerts them to areas that may require change, which in turn improves the public's perception within their store and improves productivity, with the end result being increased sales.

This long running program is popular within the industry as it promotes and acknowledges best practices and plays an important role in increasing the levels of retail excellence year after year.

FLORIST OF THE YEAR

The Sydney Markets Limited's Florist of the Year program is highly recognised within the industry and is considered to be a useful resource to participating florists providing them with invaluable information on areas of their business which may require further improvement or highlighting areas which are doing exceptionally well.

Each year, participating florists are critiqued by mystery shoppers on several aspects of their business including customer service, environment, product knowledge and branding.

Monthly winners are chosen and the Florist of the Year is awarded at the annual industry dinner.

The Greengrocer and Florist of the Year programs have the added benefit of increasing wholesale trade for Sydney Markets Wholesalers.

Directors' report

Your Directors present their report on the consolidated entity consisting of Sydney Markets Limited and its wholly owned subsidiary for the year ended 30 June 2011.

DIRECTORS

The following persons were Directors of Sydney Markets Limited during the financial year and up to the date of this report:

Mr John C. Pearson	Chairman
Mr Colin H. Gray	Deputy Chairman from 25 August 2010 to 17 August 2011
Mr David J. Whiteman	Deputy Chairman from 23 July 2009 to 25 August 2010
Mr William L. Lynch	
Mr Neil W. Mathews	
Mr Cosimo Cremona	Up to 13 July 2011
Mr William E. McMahon	Up to 24 August 2011 (deceased)
Mr David W. Hynes	Deputy Chairman from 17 August 2011
Mr Alvisio (John) Olivieri	
Mr Shaun M. McInerney	From 13 July 2011

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of Sydney Markets Limited during the financial year were to manage and administer the Sydney Markets at Flemington and Haymarket.

No significant change in the nature of these activities occurred during the year.

REVIEW OF OPERATIONS

A review of operations is provided in the Joint Message from the Chairman and CEO.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of Sydney Markets Limited during the year.

DIVIDENDS – SYDNEY MARKETS LIMITED

No dividends were paid or recommended during the year. Sydney Markets Limited's policy, as disclosed in the Prospectus dated 16 February 1998, is that no dividends will be declared. In exceptional circumstances the Directors may elect to declare a dividend, however, the Directors do not currently envisage any circumstance giving rise to the declaration of a dividend.

The reason for Sydney Markets Limited's dividend policy is that, in the opinion of the Directors, all cash and other reserves will need to be maintained, invested and accumulated in order to fund the costs associated with the continuation of the Central Markets.

Following the purchase of the Sydney Markets Site at Flemington from the NSW Government, the Board's policy has been to use any surplus cash resources to pay down its bank loan facility and for the purchase of key adjoining properties to allow for future expansion.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are unaware of any significant event or development in the operations of Sydney Markets Limited and the expected results of those operations in future financial years, which will significantly change the state of affairs of Sydney Markets Limited or its shareholders.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2011 which has significantly affected or may significantly affect the operations of Sydney Markets Limited, the results of those operations, or the state of affairs of Sydney Markets Limited in subsequent financial years.

Directors' report

ENVIRONMENTAL REGULATION

Sydney Markets Limited's operations are subject to significant environmental regulation under the laws of the Commonwealth and the State.

Sydney Markets Limited is subject to regulations under the *Environmental Protection Authority Act* in regards to the discharge of trade waste water and other liquid waste. Sydney Markets engages independent and registered testing companies to continuously monitor the discharge of trade waste water and other liquid waste from the Flemington site. Sydney Markets Limited has complied with all the required regulations during the year ended 30 June 2011.

INFORMATION ON DIRECTORS

Mr John C. Pearson

Experience and expertise:

- **Non-Executive Director & Chairman**
- Board Member since 2003
- Chairman since 18 May 2005
- Current Chair, Director Selection Committee, Freshcare Limited
- Experienced and successful finance executive with significant banking, marketing and management exposure at senior levels

Other current directorships:

- Director of Balmain Leagues Club
- Director of Tigers Advisory Group Pty Ltd
- Director of R.P. Cricket Pty Ltd – T/A Randwick Petersham Foundation

SML Committees:

- Finance & Audit, Remuneration, Master Plan, Retail Markets Sub Committee

Interests in shares:

- Nil

Mr David J. Whiteman

Qualifications:

- **Non-Executive Nominee Director – Warehouses and Deputy Chairman from 23 July 2009 to 25 August 2010**

Experience and expertise:

- BA (Macquarie University) majoring in Economics & Financial Studies
- Deputy Chairman from 23 July 2009 to 25 August 2010, Board Member since 2004
- Over 43 years experience in the fruit and vegetable industry

Other current directorships:

- Director of C J Lewis Pty Ltd
- Director of C J Lewis Aust Pty Ltd
- Director of Mount View (Batlow) Pty Ltd
- Director of Davic Investments Pty Ltd
- Director of Chamber (Holdings) Pty Ltd
- Director of NSW Chamber (Services) Pty Ltd
- Vice President, The NSW Chamber of Fruit and Vegetable Industries Inc.
- Chairman, S.M.C.S. Co operative Ltd

SML Committees:

- Chairman of Environment Management

Interests in shares:

- Nil

Directors' report

Mr Colin H. Gray

– Non-Executive Expertise Director, Deputy Chairman from 25 August 2010 to 17 August 2011

Qualifications:

- Qualified Accountant (CPA)
- Associate Fellow, Australian Institute of Management (AFAIM)
- Member, Australian Institute of Training and Development (MAITD)
- Associate Fellow, Australian Society of Association Executives (AFSAE)
- Graduate, Australian Army Command and Staff College (the Army's highest training institution)

Experience and expertise:

- Deputy Chairman from 25 August 2010 to 17 August 2011, Board Member since 1997
- Worked as an accountant in private industry
- More than 20 years service with the Australian Army in command, training and operational appointments in Australia, South East Asia and Europe and with the United Nations in the Middle East. Achieved the rank of Lieutenant Colonel
- Over 17 years experience in the Fruit & Vegetables Industry
- Past Chairman, Sydney Markets Industries Group

Other current directorships:

- Chief Executive Officer, Freshmark, The NSW Chamber of Fruit and Vegetable Industries Inc.
- Secretary, Chamber (Holdings) Pty Ltd
- Secretary, NSW Chamber (Services) Pty Ltd
- Secretary, Sydney Markets Foundation Inc.

SML Committees:

- Finance & Audit, Master Plan, Fresh for Kids, Retail Markets Sub Committee

Interests in shares

- Nil

Mr William L. Lynch

– Non-Executive Expertise Director

Experience and expertise:

- Board Member since 1998
- Over 53 years in the Australian Horticulture Industry as a grower, wholesaler and retailer
- Past President, Australian Flower Growers Association
- Past President, Flower Growers Group of NSW Inc.
- Associate Member, NSW Chamber of Fruit and Vegetable Industries Inc.

Other current directorships:

- Director of W & D Lynch Pty Ltd
- Director of Carismatic Pty Ltd

SML Committees:

- Remuneration, Finance and Audit Committee

Interests in shares:

- 6 Retail Markets Ordinary; and 6 Flower Market Ordinary Shares

Directors' report

Mr Neil W. Mathews

– Non-Executive Nominee Director – Retail Markets

Qualifications:

- Engineering Trade – Sydney Technical College
- Production Engineering – University of Technology
- Post Graduate Subject – University of NSW

Experience and expertise:

- Board Member since 1998
- Foundation Committee original Paddy's Association
- Representative, Paddy's Advisory Committee
- Past Representative, Sydney Markets Industries Group
- Co-founder, Bessemer Party Plan
- Co-founder, Supreme Industries Pty Ltd
- Past General Manager, Raco Bissell
- Past Product Manager, Rex Aluminium

Other current directorships:

- None

SML Committees:

- Environment Management, Master Plan, Retail Markets Sub Committee

Interests in shares:

- Nil

Mr David W. Hynes

– Non-Executive Independent Director, Deputy Chairman from 17 August 2011

Qualifications:

- B.Ec / LL.B (Sydney Uni)

Experience and expertise:

- Deputy Chairman from 17 August 2011, Board Member since 2005
- Member, Australian Institute of Company Directors

Other current directorships:

- Executive Director of Winston Langley Pty Limited, a property development and property advisory organisation
- Director of the Australian Baseball Federation

SML Committees:

- Remuneration, Master Plan, Retail Markets Sub Committee

Interests in shares:

- Nil

Mr William E. McMahon

– Non-Executive Nominee Director – Growers Market

Experience and expertise:

- Board Member from 1 July 1998 to 24 August 2011 (deceased)
- Over 52 years experience as a fruit and vegetable grower
- A lifetime's experience as an industry representative at executive level on grower organisations

Other current directorships:

- Secretary, NSW Free Growers Horticultural Council
- Secretary, Lower Nepean / Hawkesbury Water Users Association
- Member, Coastal Valleys Customer Service Committee of State Water
- Past Member, Sydney Markets Industries Group.

SML Committees:

- Nil

Interests in shares:

- Nil

Directors' report

Mr Cosimo Cremona

– Non-Executive Nominee Director – Wholesale

Experience and expertise:

- Board Member from 24 July 2002 to 13 July 2011
- Over 31 years experience in the fruit and vegetable industry
- Member of the Lions Club, Flemington

Other current directorships:

- Nil

SML Committees:

- Environment Management

Interests in shares:

- Nil

Mr Alvisio (John) Olivieri

– Non-Executive Nominee Director – Flower Market

Experience and expertise:

- Board Member since July 2008
- Over 32 years involvement in the cut flower industry
- Former Vice President of NSW Flower Growers Association
- Associate Member, NSW Chamber of Fruit and Vegetable Industries Inc.

Other current directorships:

- Director of A & L Property Developments Pty Ltd

SML Committees:

- Nil

Interests in shares:

- 4 Flower Market Ordinary Shares

Mr Shaun M. McInerney

– Non-Executive Nominee Director – Wholesale

Experience and expertise:

- Board Member from 13 July 2011
- Over 29 years experience in the fruit and vegetable industry

Other current directorships:

- Director Fresh Fellas Pty Limited

SML committees:

- Environment Management

Interests in shares:

- 19 Retail Markets Ordinary Shares and 3 Wholesale Market Ordinary Shares

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Mr Michael Golden

Mr Michael Golden has over 11 years experience in Chief Financial Officer roles. He is a Fellow of the Institute of Public Accountants and a Fellow of Taxation Institute of Australia.

MEETINGS OF DIRECTORS

Details of Directors' meetings held during the financial year ended 30 June 2011 and Directors' attendances at these meetings were as follows:

	Full meetings of Directors		Finance & audit committee meetings	
	A	B	A	B
Mr John C. Pearson	12	12	7	6
Mr Colin H. Gray	12	11	7	7
Mr William L. Lynch	12	11	7	7
Mr Cosimo Cremona	12	12	0	0
Mr William E. McMahon	12	11	0	0
Mr Neil W. Mathews	12	12	0	0
Mr David J. Whiteman	12	12	0	0
Mr Alvisio (John) Olivieri	12	12	0	0
Mr David W. Hynes	12	12	0	0

A = Number of meetings held during the time the Director held office or was a member of the committee during the year

B = Number of meetings attended

Directors' report

OPTIONS

No options over shares were granted or redeemed during the year. Sydney Markets Limited's Constitution precludes share options.

DIRECTORS AND OFFICERS REMUNERATION

No Director or Officer of Sydney Markets Limited is a party to any contract with Sydney Markets Limited under which the Director or Officer is entitled to a benefit except for:

- (a) Directors' and Officers' fees and remuneration as shown in Sydney Markets Limited's remuneration report below (Part B).
- (b) Interests or involvement in a company or entity that has a lease or licence with Sydney Markets Limited on terms and conditions no more favourable than those of other Market tenants (note 25).

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The key management personnel comprise the directors and the following persons who had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

<i>Key Management Personnel</i>	<i>Position</i>
Mr Bradley R. Latham	Chief Executive Officer
Mr Gerry Daras	Head of Special Projects
Mr Michael W. Golden	Chief Financial Officer / Company Secretary
Mr Shane R. Chester	Head of Operations
Mr Martin J. Forster	Head of Site Services

A Principles used to determine the nature and amount of remuneration

The compensation structure for key management personnel is based on the experience and capability of the individual concerned, the market level for jobs of comparable nature, size and level of responsibility and the overall performance of Sydney Markets Limited. The contracts for service between Sydney Markets Limited and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

The Remuneration Committee sets senior management salaries and bonuses, based on agreed individual key performance indicators and reviews on the anniversary of employment date.

The objective of Sydney Markets Limited's senior management reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns their reward with achievement of strategic and operating objectives, and conforms with market best practice for delivery of reward. The Board ensures that senior management rewards satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

Directors' report

The employment conditions of the Chief Executive Officer and other key management personnel are formalised in open contracts of employment, generally requiring three to six months notice of termination.

Directors' fees are determined within an aggregate Directors' fee pool limit. The pool limit for the 2011 year was \$430,000 (2010: \$420,000) as approved by the shareholders.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and other key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) who are also the five highest paid executives of Sydney Markets Limited and the Group, are set out in the following tables. The performance related % shows the % of total remuneration which is subject to the performance of the individual and Sydney Markets Limited as determined by the Remuneration Committee.

Key management personnel of the Group

2011

Name	Cash salary and fees \$	Cash bonus \$	Non monetary benefits \$	Super- annuation \$	Total \$	Performance related %
Directors						
Mr John C. Pearson	95,352	—	1,360	8,704	105,416	N/A
Mr Colin H. Gray	23,986	—	1,200	15,347	40,533	N/A
Mr Neil W. Matthews	39,335	—	1,200	—	40,535	N/A
Mr William L. Lynch	35,986	—	1,200	3,347	40,533	N/A
Mr David J. Whiteman	35,986	—	1,200	3,347	40,533	N/A
Mr William E. McMahon	39,335	—	1,200	—	40,535	N/A
Mr Cosimo Cremona	35,986	—	1,200	3,347	40,533	N/A
Mr Alvisio (John) Olivieri	35,986	—	1,200	3,347	40,533	N/A
Mr David W. Hynes	35,986	—	1,200	3,347	40,533	N/A
Total	377,939	—	10,960	40,785	429,684	

Other key management personnel

Mr Bradley R. Latham	262,321	10,000	17,186	25,686	315,193	3.2%
Mr Gerry Daras	100,813	5,000	17,362	32,281	155,456	3.2%
Mr Michael W. Golden	130,038	5,000	—	13,211	148,249	3.4%
Mr Martin J. Forster	101,949	5,000	—	22,569	129,518	3.9%
Mr Shane R. Chester	98,191	5,000	18,834	9,339	131,364	3.8%
Total	1,071,251	30,000	64,342	143,871	1,309,464	

Directors' report

Key management personnel of the Group 2010

Name	Cash salary and fees \$	Cash bonus \$	Non cash benefits \$	Super- annuation \$	Total \$	Performance related %
Directors						
Mr John C. Pearson	92,238	—	2,207	8,500	102,945	N/A
Mr Colin H. Gray	27,142	—	1,200	11,271	39,613	N/A
Mr Neil W. Matthews	38,413	—	1,200	—	39,613	N/A
Mr William L. Lynch	35,142	—	1,200	3,271	39,613	N/A
Mr David J. Whiteman	32,321	—	1,200	6,092	39,613	N/A
Mr William E. McMahon	38,413	—	1,200	—	39,613	N/A
Mr Cosimo Cremona	35,142	—	1,200	3,271	39,613	N/A
Mr Alvisio (John) Olivieri	35,142	—	1,200	3,271	39,613	N/A
Mr David W. Hynes	35,142	—	1,200	3,271	39,613	N/A
Total	369,095	—	11,807	38,947	419,849	

Other key management personnel

Mr Bradley R. Latham	259,549	10,000	18,611	24,686	312,846	3.2%
Mr Gerry Daras	81,427	5,000	26,487	41,967	154,881	3.2%
Mr Michael W. Golden	121,330	5,000	—	10,920	137,250	3.6%
Mr Martin J. Forster	108,577	5,000	—	13,165	126,742	3.9%
Mr Shane R. Chester	95,041	5,000	20,890	9,004	129,935	3.9%
Total	1,035,019	30,000	77,795	138,689	1,281,503	

CORPORATE GOVERNANCE STATEMENT

Board composition

The composition of the Board is in accordance with the criteria laid down in Sydney Markets Limited's Constitution.

Directors' Shareholdings

No Director holds or is able to hold any share in Sydney Markets Limited except where he has a share entitlement as a holder of tradeable space in accordance with Sydney Markets Limited's Constitution.

Directors' committees

Directors' Committees encompassing Finance & Audit, Environment Management, Property, Remuneration, Master Plan and Strategic Plan operated during the year and these committees meet on a regular basis.

Directors' report

Ethical standards

Directors, staff and contractors are required to abide by Sydney Markets Limited's Code of Conduct.

Insurance of officers

During the financial year, Sydney Markets Limited paid insurance premiums for Directors and Officers Liability Insurance in respect of any person who is or has been a Director or Officer of Sydney Markets Limited. The terms of the policy do not allow the amount of the premium to be disclosed.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

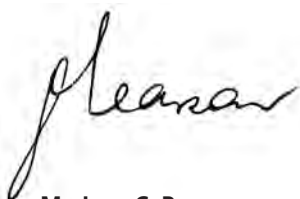
ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

PricewaterhouseCoopers was appointed as auditor and continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.



MR JOHN C. PEARSON
CHAIRMAN



MR COLIN H. GRAY
DIRECTOR

Sydney
21 September 2011

auditor's independence declaration

Directors' report



Auditor's Independence Declaration

As lead auditor for the audit of Sydney Markets Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sydney Markets Limited and the entity it controlled during the period.

A handwritten signature in black ink, appearing to read 'S J Bourke'.

S J Bourke
Partner
PricewaterhouseCoopers

Sydney
21 September 2011

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financial report

contents

30th June 2011

SYDNEY MARKETS LIMITED
ABN 51 077 119 290
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Sydney Markets Limited and its wholly-owned subsidiary. The financial statements are presented in the Australian currency.

Sydney Markets Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Sydney Markets Limited
Level 3, Market Plaza Building
Sydney Markets NSW 2129

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 5 to 13, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 21 September 2011. The Directors have the power to amend and reissue the financial statements.

consolidated statement of comprehensive income

for the year ended

30th June 2011

	Notes	2011 \$'000	2010 \$'000
Revenue from continuing operations	4	54,379	52,080
Other income	5	–	6
		54,379	52,086
Property cost		(20,274)	(18,465)
Payroll cost		(5,071)	(5,031)
Repairs and maintenance		(4,754)	(5,208)
Management and administration cost		(825)	(725)
Advertising and promotion		(4,287)	(4,064)
Professional fees		(2,007)	(1,877)
Depreciation and amortisation expense	6	(5,073)	(4,457)
Finance expenses	6	(3,110)	(3,192)
Total expenses from continuing operations		(45,401)	(43,019)
Profit before income tax		8,978	9,067
Income tax expense	7	(2,717)	(2,362)
Profit for the year		6,261	6,705
Other comprehensive income			
Cashflow hedges	23(a)	580	(51)
Income tax relating to components of other comprehensive income	23(a)	(174)	15
Other comprehensive income for the year		406	(36)
Total comprehensive income for the year		6,667	6,669

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

consolidated balance sheet

as at

30th June 2011

	Notes	2011 \$'000	2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	2,047	5,040
Trade and other receivables	9	9,404	8,664
Total current assets		11,451	13,704
Non-current assets			
Property, plant and equipment	12	116,111	110,636
Total non-current assets		116,111	110,636
Total assets		127,562	124,340
LIABILITIES			
Current liabilities			
Trade and other payables	14	5,117	5,779
Borrowings	18	7,500	5,000
Current tax liabilities	16	111	81
Provisions	15	466	385
Other current liabilities	17	13,377	12,859
Total current liabilities		26,571	24,104
Non-current liabilities			
Borrowings	19	37,500	42,500
Provisions	21	74	104
Deferred tax liabilities	20	2,378	2,680
Derivative financial instruments	10	1,881	2,461
Total non-current liabilities		41,833	47,745
Total liabilities		68,404	71,849
Net assets		59,158	52,491
EQUITY			
Contributed equity	22	7	7
Reserves	23(a)	370	(36)
Retained earnings	23(b)	58,781	52,520
Total equity		59,158	52,491

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

consolidated statement of changes in equity

for the year ended

30th June 2011

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2009	7	–	45,815	45,822
Total comprehensive income for the year	-	(36)	6,705	6,669
Balance at 30 June 2010	7	(36)	52,520	52,491
Balance at 1 July 2010	7	(36)	52,520	52,491
Total comprehensive income for the year	-	406	6,261	6,667
Balance at 30 June 2011	7	370	58,781	59,158

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

consolidated cash flow statement

for the year ended

30th June 2011

	Notes	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Cash receipts from tenants and customers		59,420	59,161
Cash payments to suppliers and employees		(43,317)	(41,574)
		16,103	17,587
Interest received		161	237
Interest paid		(3,029)	(3,282)
Income taxes paid		(3,163)	(3,092)
Net cash inflow from operating activities	31	10,072	11,450
Cash flows from investing activities			
Payments for property, plant and equipment		(10,622)	(4,877)
Proceeds from sale of property, plant and equipment		57	6
Net cash (outflow) from investing activities		(10,565)	(4,871)
Cash flows from financing activities			
Repayment of borrowings		(2,500)	(3,500)
Net cash (outflow) from financing activities		(2,500)	(3,500)
Net increase (decrease) in cash and cash equivalents		(2,993)	3,079
Cash and cash equivalents at the beginning of the financial year		5,040	1,961
Cash and cash equivalents at end of year	8	2,047	5,040

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

notes to the financial statements

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30th June 2011

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notes to the financial statements

for the year ended

30th June 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity consisting of Sydney Markets Limited and its subsidiary.

(a) Basis of preparation

These general purpose financial reports have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards

The consolidated financial report of the Sydney Markets Limited consolidated entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial reports have been prepared under the historical cost convention, except for certain assets which, as noted, are at fair value. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Critical accounting estimates

The preparation of financial reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report, are disclosed in note 2.

(b) Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all subsidiary of Sydney Markets Limited ("company" or "parent entity") as at 30 June 2011 and the results of its subsidiary for the year then ended. Sydney Markets Limited and its subsidiary together are referred to in this financial report as the consolidated entity.

The subsidiary was excluded from the consolidated entity upon its de-registration – see note 11.

Intercompany transactions and balances between consolidated entity companies are eliminated.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the business, have been identified as the Senior Management team.

(d) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

notes to the financial statements

for the year ended

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Tax consolidation legislation

Sydney Markets Limited and its wholly-owned subsidiary have formed an income tax consolidated group under the tax consolidation regime. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation of other assets, other than motor vehicles, is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Motor vehicles are depreciated on a diminishing basis commencing from the date of acquisition. The depreciation rates used for each class of property, plant and equipment is:

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Depreciation Rate	Depreciation Method
Buildings	2.5%	Straight-line
Plant and machinery	15%	Straight-line
Fixtures, fittings and equipment	15%	Straight-line
Motor vehicles	22.5%	Diminishing value
Leasehold improvements	2.5%	Straight-line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

30th June 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases, inclusive of any up-front incentives received or paid, is recognised as income on a straight-line basis over the lease term.

(g) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Sydney Markets Limited designates these derivatives as hedging instruments. On entering into a derivative contract, Sydney Markets Limited documents the relationship between the derivative and the items being hedged, such as the variable rate on interest payments, as well as its objective for entering into the derivative contract. It also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 10. Movements in the hedging reserve in shareholders' equity are shown in note 23.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

Fair value

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using quoted market prices or dealer quotes for similar instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Sydney Markets Limited for similar financial instruments.

notes to the financial statements for the year ended

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Impairment

At each reporting date, Sydney Markets Limited assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

(h) Impairment of assets

At each reporting date, Sydney Markets Limited reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, Sydney Markets Limited estimates the recoverable amount of the cash generating unit to which the asset belongs.

(i) Employee benefits

Provision is made for Sydney Markets Limited liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(j) Provisions

Provisions are recognised when Sydney Markets Limited has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated.

(k) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid. Revenue is recognised on an accruals basis in accordance with tenancy agreements or as services are rendered. Rental and other amounts received or receivable from tenants in respect of periods subsequent to the reporting period are included within liabilities.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(m) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impairment of receivables, ie. allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment of receivables is established when there is objective evidence that Sydney Markets Limited will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the allowance is recognised in profit or loss.

30th June 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to Sydney Markets Limited prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in , which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Contributed equity

Ordinary shares are classified as equity as they entitle the holder to a residual interest in the net assets of Sydney Markets, in proportion to their respective tradeable space, so that each share is "stapled" to one unit of tradeable space.

(q) Promotional levies

Promotional levies are monies derived from levies on tenants where the funds are allocated to the promotion of the relevant area of the Markets. Any unused portion of these levies is recorded as a liability until expended.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets purchased are recognised net of the amount of goods and services tax (GST).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

(s) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

notes to the financial statements

for the year ended

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations that may be relevant to the consolidated entity is set out below.

- (i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective for annual reporting periods beginning on or after 1 January 2015) *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and is likely to affect the consolidated entity's accounting for its financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

There will be no impact on the consolidated entity's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through and the consolidated entity does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The consolidated entity has not yet decided when to adopt AASB 9.

- (ii) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Sydney Markets Limited is publicly accountable and is therefore a Tier One entity as defined in AASB 1053. As a consequence, the two standards will have no impact on the financial statements of the entity.

- (iii) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the consolidated entity's disclosures. The consolidated entity intends to apply the amendment from 1 July 2011.

(u) Parent entity financial information

The financial information for the parent entity, Sydney Markets Limited, disclosed in note 32 has been prepared on the same basis as the consolidated financial report, except as set out below.

Sydney Markets Limited and its wholly owned Australian controlled entity have implemented the tax consolidation legislation.

The head entity, Sydney Markets Limited, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Sydney Markets Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entity in the tax consolidated group.

30th June 2011

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key Estimates & Judgements

Impairment

Sydney Markets Limited assesses impairment at each reporting date by evaluating conditions specific to Sydney Markets that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the larger number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts.

3 SEGMENT REPORTING

Sydney Markets Limited manages and administers the operations of the largest central produce and retail markets in Australia. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the business, have been identified as the senior management team. Internal reporting provided to the senior management team shows a single operating segment being the business as a whole.

4 REVENUE

From continuing operations

	2011 \$'000	2010 \$'000
Rents	21,300	20,581
Dues and fees	18,658	17,700
Other operating revenue	9,857	9,282
Advertising and promotion	3,200	3,132
Consideration on transfer of licenses and leases	992	924
Interest revenue	161	237
Other revenue	211	224
	54,379	52,080

5 OTHER INCOME

Net gain on disposal of property, plant and equipment	—	6
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notes to the financial statements

for the year ended

6 EXPENSES	2011 \$'000	2010 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	1,654	1,411
Plant and equipment	3,357	3,013
Leasehold improvements	62	33
Total depreciation	5,073	4,457
<i>Finance costs</i>		
Interest and finance charges paid to external parties	3,110	3,192
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	2,702	2,682
<i>Provision for employee entitlements</i>	369	390
<i>Net loss on disposal of property, plant & equipment</i>	17	—
7 INCOME TAX EXPENSE		
(a) Income tax expense		
Current tax – current year	2,978	2,957
Current tax – prior year	215	(207)
Deferred tax	(476)	(388)
	2,717	2,362
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease in deferred tax assets (note 13)	267	432
(Decrease) in deferred tax liabilities (note 20)	(743)	(820)
	(476)	(388)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	8,978	9,067
Tax at the Australian tax rate of 30% (2010 – 30%)	2,693	2,720
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Adjustment for (over)/under provision of tax in prior year	(6)	(385)
– Sundry items	30	27
Total income tax expense	2,717	2,362
(c) Tax expense/(income) relating to items of other comprehensive income		
Cash flow hedges (notes 13 and 23(a))	174	(15)

30th June 2011

8	CURRENT ASSETS – CASH AND CASH EQUIVALENTS	2011 \$'000	2010 \$'000
	Cash at bank and in hand	2,047	5,040

9	CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
	Trade receivables	3,190	2,377
	Receivables invoiced in advance	3,153	3,227
	Provision for impairment of receivables	(30)	(20)
		6,313	5,584
	Accrued income and other receivables	1,151	1,263
		1,151	1,263
	Prepayments	1,940	1,817
		9,404	8,664

Provision for impairment of trade receivables

Current trade receivables are non-interest bearing loans and generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expenses.

Movements in the provision for impairment of receivables are as follows:

Opening balance at 1 July 2010	20	10
Provision for impairment recognised during the year	10	10
Closing balance as at 30 June 2011	30	20

notes to the financial statements

for the year ended

10 DERIVATIVE FINANCIAL INSTRUMENTS

Non-current liabilities

	2011 \$'000	2010 \$'000
Interest rate swaps and collars	1,881	2,461
Total derivative financial instrument liabilities	1,881	2,461

Sydney Markets Limited has entered into interest rate swap agreements in order to hedge part of its borrowings against rises in interest rates by swapping variable interest rate obligations into fixed rate obligations. The contracts require settlement of the net interest receivable or payable each 90 days. The net receipt or payment is brought to account as an adjustment to borrowing costs. Net receipts or payments are recognised on an accruals basis.

Additionally, Sydney Markets Limited has entered into interest rate collar agreements, in which variable interest rate obligations move up or down only within a narrow band (between a cap and a floor).

Derivatives currently in place cover 100% (2010: 95%) of the variable loan principal outstanding. The derivatives are timed to match the repayment terms of the existing loans or the forecast terms of replacement loans which will be negotiated prior to the expiry of the existing loans. Details of the terms of the derivatives are set out below.

	2011 \$'000	2010 \$'000
Settlement date of interest rate swaps:		
1 to 5 years (fixed rate 6.6%)	15,000	15,000
	15,000	15,000
Settlement date of interest rate collars:		
1 to 5 years	15,000	15,000
Max 7.75%, min 7.19%		
More than 5 years		
Max 6.81%, min 3.75%	5,000	5,000
Max 6.81%, min 3.75%	10,000	10,000
	30,000	30,000

11 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary prior to its deregistration on 18 May 2011:

Name of entity	Country of incorporation	Class of shares	Percentage Owned 2011 %	2010 %
Flemington Storage Pty Limited	Australia	Ordinary	—	100

30th June 2011

12 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress \$'000	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 1 July 2009						
Cost	11,970	48,692	52,479	26,056	401	139,598
Accumulated depreciation	–	–	(8,968)	(20,277)	(137)	(29,382)
Net book amount	11,970	48,692	43,511	5,779	264	110,216
Year 30 June 2010						
Opening net book amount	11,970	48,692	43,511	5,779	264	110,216
Additions	1,854	–	961	2,009	53	4,877
Transfers	(11,573)	–	11,573	–	–	–
Depreciation charge	–	–	(1,411)	(3,013)	(33)	(4,457)
Closing net book amount	2,251	48,692	54,634	4,775	284	110,636
At 30 June 2010						
Cost	2,251	48,692	65,017	27,934	453	144,347
Accumulated depreciation	–	–	(10,383)	(23,159)	(169)	(33,711)
Net book amount	2,251	48,692	54,634	4,775	284	110,636
Year 30 June 2011						
Opening net book amount	2,251	48,692	54,634	4,775	284	110,636
Additions	7,129	–	–	2,803	690	10,622
Disposals	–	–	–	(74)	–	(74)
Transfers	(9,226)	6,141	3,085	–	–	–
Depreciation charge	–	–	(1,654)	(3,357)	(62)	(5,073)
Closing net book amount	154	54,833	56,065	4,147	912	116,111
At 30 June 2011						
Cost	154	54,833	68,102	30,617	1,143	154,849
Accumulated depreciation	–	–	(12,037)	(26,470)	(231)	(38,738)
Net book amount	154	54,833	56,065	4,147	912	116,111

The land and buildings with building fixtures, fittings, plant and equipment were independently valued by Urbis JHD, Registered Property Valuer, as at 31 December 2004. In the valuer's opinion, the 'fair value' for financial reporting disclosure purposes was \$143 million. The Directors consider that the fair value of the property, plant and equipment continues to exceed its carrying value.

notes to the financial statements

for the year ended

	2011 \$'000	2010 \$'000
13 NON-CURRENT ASSETS – DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Provisions and accruals	388	495
Lease premium	173	333
Derivative financial instrument	564	738
	1,125	1,566
Set off of deferred tax liabilities pursuant to set off provisions (note 20)	(1,125)	(1,566)
Net deferred tax assets	–	–
Movements:		
Opening balance at 1 July	1,566	1,983
Credited/(charged) to profit or loss	(267)	(432)
Credited/(charged) to reserves	(174)	15
Closing balance at 30 June	1,125	1,566

	Provisions \$'000	Lease premium \$'000	Derivative financial instrument \$'000	Total \$'000
Movements – Consolidated				
At 1 July 2009	484	776	723	1,983
(Charged)/credited to profit or loss	11	(443)	–	(432)
(Charged)/credited directly to equity	–	–	15	15
At 30 June 2010	495	333	738	1,566
At 30 June 2010	495	333	738	1,566
(Charged)/credited to profit or loss	(107)	(160)	–	(267)
(Charged)/credited to reserves	–	–	(174)	(174)
At 30 June 2011	388	173	564	1,125

30th June 2011

	2011 \$'000	2010 \$'000
14 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade payables and accruals	4,496	5,180
Employee benefits	621	599
	<u>5,117</u>	<u>5,779</u>
15 CURRENT LIABILITIES – PROVISIONS		
Employee benefits – long service leave	<u>466</u>	<u>385</u>
16 CURRENT LIABILITIES – CURRENT TAX LIABILITIES		
Income tax	<u>111</u>	<u>81</u>
17 CURRENT LIABILITIES – OTHER CURRENT LIABILITIES		
Rents and other income billed in advanced	8,515	7,972
Rents and other income received in advanced	4,862	4,887
	<u>13,377</u>	<u>12,859</u>
18 CURRENT LIABILITIES – BORROWINGS		
Commercial bill facility	<u>7,500</u>	<u>5,000</u>

notes to the financial statements

for the year ended

	2011 \$'000	2010 \$'000
19 NON-CURRENT LIABILITIES – BORROWINGS		
Commercial bill facility	37,500	42,500
(a) Financing arrangements		
Bank loan facilities		
Total facilities	46,350	50,750
Used at balance date	45,000	47,500
Unused at balance date	1,350	3,250
Carrying amount of total assets pledged as security are:		
First mortgage over freehold land & building	110,898	103,326
Floating charge over all other assets	16,664	21,014
Total assets pledged as security	127,562	124,340

Sydney Markets Limited entered into a 10 year \$85 million loan facility (overdraft and commercial bill facility) with a major Australian bank to finance the 1 July 2002 purchase of the Sydney Markets Limited site at Flemington. The facility is secured by a mortgage over the land and a charge over the assets of Sydney Markets Limited and provides for quarterly principal and interest payments until 1 July 2012. There is a redraw facility on payments in advance of the scheduled principal payments.

The availability of finance under the facility is subject to borrowing covenants, which include a number of financial ratios. As at the date of this report Sydney Markets Limited has met all the obligations and covenants set by the bank.

30th June 2011

	2011 \$'000	2010 \$'000
20 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Tax allowances relating to property, plant and equipment	3,141	3,871
Prepayments	362	375
	3,503	4,246
Set off of deferred tax assets – (note 13)	(1,125)	(1,566)
Total deferred tax liabilities	2,378	2,680
Movements:		
Opening balance at 1 July	4,246	5,066
Charged/(credited) to profit or loss	(743)	(820)
Closing balance at 30 June	3,503	4,246

	Property, plant and equipment \$'000	Prepayments \$'000	Total \$'000
Movements – Consolidated			
At 1 July 2009	4,814	252	5,066
Charged/(credited) to profit or loss	(943)	123	(820)
At 30 June 2010	3,871	375	4,246
At 30 June 2010	3,871	375	4,246
Charged/(credited) to profit or loss	(730)	(13)	(743)
At 30 June 2011	3,141	362	3,503

	2011 \$'000	2010 \$'000
21 NON-CURRENT LIABILITIES – PROVISIONS		
Employee benefits long service leave	74	104

notes to the financial statements

for the year ended

22 CONTRIBUTED EQUITY

(a) Share capital

Issued capital comprises 6,524 (2010: 6,524) fully paid shares of \$1 each

	2011 Shares	2010 Shares	2011 \$	2010 \$
Flowers Ordinary shares	262	262	262	262
Growers Ordinary Shares	712	712	712	712
Retail Markets Ordinary Shares	5,060	5,060	5,060	5,060
Warehouse Ordinary Shares	240	240	240	240
Wholesale Ordinary Shares	250	250	250	250
	6,524	6,524	6,524	6,524

Each ordinary share of Sydney Markets Limited carries a right to vote, receive a dividend and participate in any surplus profit on a winding up in accordance with and determined by reference to the equity entitlement as set out in the Shareholders' Register.

Each share is irrevocably linked to the specific space within the Markets to which it relates and neither the share nor the space can be dealt with in any way without the other. The Retail Markets Ordinary Shares comprise two separate classes identified as "Flemington" and "Haymarket".

Shares not taken up by tenants are transferred to the Trustee, Perpetual Trustee Company Limited. The Trustee has no voting rights. Sydney Markets Limited has authorised share capital amounting to 200,000,000 ordinary shares of \$1.00 each.

Capital management

Sydney Markets Limited controls its capital in order to maintain an appropriate debt to equity ratio and ensure that it can fund its operations and continue as a going concern.

As stated in the Director's Report, the Directors have established a policy that all operating profits and reserves earned by Sydney Markets Limited will be maintained, invested and accumulated in order to fund the costs associated with the continuation of the Central Markets.

The only externally imposed capital requirement arises from the company's loan facility (overdraft and commercial bill facility) with a major Australian bank. There is a redraw facility on payments in advance of the scheduled principal payments. Ongoing funding will be provided as long as Sydney Markets Limited continues to comply with the facility agreement. There have been no changes in the strategy adopted by Sydney Markets Limited to manage its capital since the prior year.

	2011 \$'000	2010 \$'000
Total borrowings	45,000	47,500
Less: cash and cash equivalents	(2,047)	(5,040)
Net debt	42,953	42,460
Total equity	59,158	52,491
Total capital	102,111	94,951
Gearing ratio	42%	45%

30th June 2011

23 RESERVES AND RETAINED EARNINGS

(a) Reserves

Hedging reserve – cash flow hedges

2011	2010
\$'000	\$'000

370	(36)
370	(36)

Movements:

Hedging reserve – cash flow hedges

Balance 1 July	(36)	–
Revaluation – gross	580	(51)
Deferred tax	(174)	15
Balance 30 June	370	(36)

(b) Retained earnings

Movements in retained earnings were as follows:

Balance 1 July	52,520	45,815
Net profit for the year	6,261	6,705
Balance 30 June	58,781	52,520

(c) Nature and purpose of reserves

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

24 FRANKING CREDITS

Franking credits available for subsequent financial years to the equity holders of the parent entity based on a tax rate of 30% (2010 – 30%)

35,752	32,559
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notes to the financial statements

for the year ended

25 KEY MANAGEMENT PERSONNEL COMPENSATION

2011
\$

2010
\$

(a) Key management personnel compensation

Short-term employee benefits	1,165,593	1,142,814
Post-employment benefits	143,870	138,689
	1,309,463	1,281,503

Detailed remuneration disclosures are provided in sections A-B of the remuneration report on pages 10 to 12.

(b) Shareholdings related to key management personnel

The numbers of shares held directly, indirectly or beneficially held during the financial year by each Director of Sydney Markets Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Name 2011	Balance at the start of the year	Changes during the year	Balance at the end of the year
Ordinary shares			
Mr William L. Lynch	17	(5)	12
Mr Alvisio (John) Olivieri	4	—	4
2010			
Ordinary shares			
Mr Cosimo Cremona	5	(5)	—
Mr William L. Lynch	17	—	17
Mr Alvisio (John) Olivieri	4	—	4

2011
\$

2010
\$

(c) Other transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

(i) Total income received or receivable by Sydney Markets Limited from Director-related entities for rents, dues and fees (recognised in revenue from continuing operations)	632,041	636,468
(ii) Total expenditure paid or payable by Sydney Markets Limited to Director-related entities for produce, sponsorships and scholarships (recognised in Advertising and promotion costs and Management and administration costs)	74,083	79,772

The names of Directors concerned with the above transactions were Mr Cosimo Cremona; Mr David J. Whiteman; Mr Colin H. Gray, Mr William L. Lynch and Mr Alvisio (John) Olivieri.

Apart from the matters mentioned above, no Director has entered into a material contract with Sydney Markets Limited during the financial year.

30th June 2011

26 REMUNERATION OF AUDITORS	2011	2010
	\$	\$
(a) PricewaterhouseCoopers Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	142,971	129,780
Other assurance services	21,250	50,752
Total remuneration for audit and other services	164,221	180,532
<i>Taxation services</i>		
Tax compliance services	43,301	51,321
Total remuneration for taxation services	43,301	51,321
Total remuneration of PricewaterhouseCoopers Australia	207,522	231,853

27 CONTINGENCIES

There are no contingent liabilities or assets at the reporting date (2010: \$Nil).

28 COMMITMENTS	2011	2010
	\$'000	\$'000
(a) Operating commitments		
Operating commitments contracted for but not capitalised in the accounts:		
Payable:		
Less than 1 year	2,772	2,749
Longer than 1 year not longer than 5 years	11,522	11,522
Longer than 5 years	102,204	99,368
	116,498	113,639

The above commitments relate to the Paddy's Market Haymarket site pursuant to a 30 year licence from 1 January 2010 until 31 December 2039 to the Sydney Market Authority (SMA). SMA assigned the licence to Sydney Markets Limited in 1997.

The licence is for a fixed annual lump sum payment indexed on 1 January each year by annual CPI.

(b) Capital expenditure commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Acquisition of commercial property	847	1,600
Other capital expenditure projects	3,533	1,400
	4,380	3,000
Representing:		
Less than 1 year	4,380	3,000
	4,380	3,000

notes to the financial statements

for the year ended

29 FINANCIAL RISK MANAGEMENT

Sydney Markets Limited financial instruments consist of cash balances and short-term deposits with banks, bank commercial bills, accounts receivable and payable and interest rate derivatives. The main risks Sydney Markets Limited is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Sydney Markets Limited manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of Sydney Markets Limited financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Finance and Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

(a) Interest rate risk

Sydney Markets Limited manages its funding costs by using derivative financial instruments to reduce exposure created by its variable rate debt. Details relating to Sydney Markets Limited hedging are set out in note 10.

Sydney Markets Limited regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

As at the reporting date, Sydney Markets Limited had the following variable rate borrowings and interest rate derivatives outstanding:

	30 June 2011 Balance \$'000	30 June 2010 Balance \$'000
Commercial bill facility	45,000	47,500
Interest rate derivatives (notional principal amount)	(45,000)	(45,000)
Net exposure to cash flow interest rate risk	–	2,500

The loans drawn down under the commercial bill facility bear an average variable interest rate of 4.83% (2010 - 4.47%). The fixed interest rate of the interest swap is 6.6% and the cap and the floor of the collars vary between 6.81% and 7.75% and 3.75% and 7.19% respectively with a premium between 0% and 0.9875%.

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and the hedging reserve would have been affected as follows:

	2011		2010	
	Profit \$'000	Hedging reserve \$'000	Profit \$'000	Hedging reserve \$'000
+1% (100 basis point)				
Interest income/(expense)	14	–	18	–
Valuation of derivatives	–	802	–	815
–1% (100 basis point)				
Interest income/(expense)	(14)	–	(18)	–
Valuation of derivatives	–	(926)	–	(844)

29 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk with respect to receivables represents the loss that would be recognised if a substantial number of tenants failed to meet their obligations under lease or licence arrangements. The risk is minimal as many tenancies (especially warehouse leases and wholesale licences) have inherent market value which Sydney Markets Limited can offset against outstanding receivables. Credit risks are identified in a timely fashion as the majority of revenue is invoiced in advance. Ageing analysis and monitoring of specific overdue debtors are undertaken to manage credit risk. There is no significant concentration of credit risk involving any one tenant.

Credit risk with respect to derivatives arises with unrealised gains and the potential failure of a counterparty to meet their obligations at maturity of contracts. All of Sydney Markets Limited's derivatives have been entered into with a single AAA+ credit rated counterparty.

(c) Liquidity risk

Sydney Markets Limited manages liquidity risk by monitoring forecast cash flows, taking into account forecast capital expenditure and repairs and maintenance, and ensuring that adequate borrowing facilities are maintained.

The table below reflects undiscounted cashflows arising from all contractually fixed settlement terms for recognised financial liabilities including derivative financial instruments as of 30 June 2011.

	Less than 6 months \$'000	6-12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000	Carrying Value \$'000
Year ended 30 June 2011						
Financial liabilities						
Trade and other payables	(5,117)	—	—	—	(5,117)	(5,117)
Interest bearing loans*	(6,947)	(3,387)	(37,927)	—	(48,261)	(45,000)
Derivatives	(306)	(306)	(1,144)	(125)	(1,881)	(1,881)
	(12,370)	(3,693)	(39,071)	(125)	(55,259)	(51,998)

	Less than 6 months \$'000	6-12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Total \$'000
Year ended 30 June 2010						
Financial liabilities						
Trade and other payables	(5,779)	—	—	—	(5,779)	(5,779)
Interest bearing loans*	(3,567)	(3,494)	(44,767)	—	(51,828)	(47,500)
Derivatives	(248)	(346)	(1,612)	(255)	(2,461)	(2,461)
	(9,594)	(3,840)	(46,379)	(255)	(60,068)	(55,740)

*These maturities are in line with Sydney Markets Limited's strategy. The facilities maturing in 2012 will be renegotiated at that time.

(d) Foreign currency risk and price risk

Sydney Markets Limited has no exposure to foreign currency nor equity securities price risk.

(e) Fair value

The net fair value of financial assets and financial liabilities approximate their carrying values.

notes to the financial statements for the year ended

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of Sydney Markets Limited, the results of those operations or the state of affairs of Sydney Markets Limited in subsequent financial years.

31 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2011 \$'000	2010 \$'000
Profit for the year	6,261	6,705
Depreciation and amortisation	5,073	4,457
Loss (profit) on disposal of plant and equipment	17	(6)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(738)	(1,136)
(Increase)/decrease in deferred tax balances	(476)	(388)
Increase/(decrease) in trade and other payables	(145)	2,099
Increase/(decrease) in provisions	51	62
Increase/(decrease) in current tax liabilities	29	(343)
Net cash inflow from operating activities	10,072	11,450

30th June 2011

32 PARENT ENTITY FINANCIAL INFORMATION

	2011 \$'000	2010 \$'000
(a) Summary financial information		
Balance sheet		
Current assets	11,451	16,878
Non-current assets	116,111	107,504
Total assets	127,562	124,382
Current liabilities	26,571	24,104
Non-current liabilities	41,833	47,745
Total liabilities	68,404	71,849
<i>Shareholders' equity</i>		
Contributed equity	7	7
Reserves	370	(36)
Retained earnings	58,781	52,562
	59,158	52,533
Parent entity profit or loss for the year	6,219	6,749
Total comprehensive income	6,625	6,713

(b) Guarantees entered into by the parent entity

The parent entity has not provided any financial or other guarantees in respect of bank overdrafts, loans or other obligations of subsidiaries.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2011 or 30 June 2010.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2011, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$4,380,000 (30 June 2010 - \$3,000,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

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Directors' declaration

30th June 2011

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 43 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



MR JOHN C. PEARSON
CHAIRMAN



MR COLIN H. GRAY
DIRECTOR

Sydney
21 September 2011

independent audit report to the members of



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYDNEY MARKETS LIMITED

Report on the financial report

We have audited the accompanying financial statements of Sydney Markets Limited (the company), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Sydney Markets Limited Group (the consolidated entity). The consolidated entity comprises the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error*. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with Australian Accounting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PwC, ABN 52 780 433 757

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Sydney Markets Ltd

30th June 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYDNEY MARKETS LIMITED (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

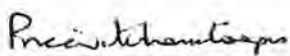
- (a) the financial report of Sydney Markets Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with Australian Accounting Standards as disclosed in note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 12 of the Directors' report for the year ended 30 June 2011. The Directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Sydney Markets Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers

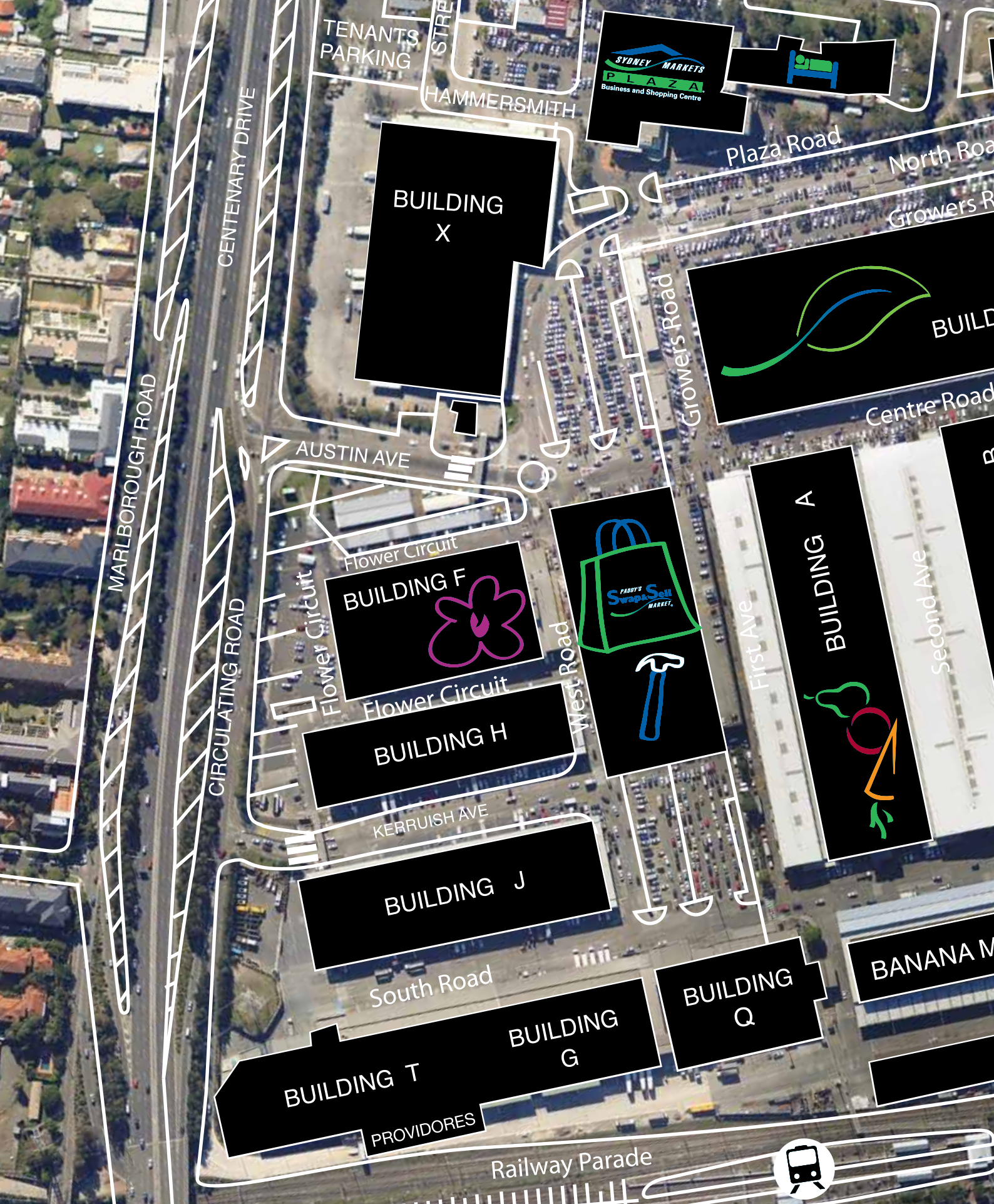


S J Bourke
Partner

Sydney
21 September 2011

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